

FISCAL NOTE

TO: Chief Clerk of the Senate
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: April 11, 1995

SUBJECT: **SB 1356 - HB 758**

This bill, if enacted, will impose a (2%) tax on gross earnings of medical service organizations. Such taxes are to be collected in the same manner and at the same time that taxes on gross premiums are paid and collected.

The fiscal impact from enactment of the bill is estimated to result in an increase in state revenues of \$26,000,000. Based on information received from the Bureau of TennCare this bill is also estimated to result in a decrease in federal revenues to the TennCare program of \$17,295,000, (66.52% of \$26,000,000) since this would be considered by the federal government as a provider specific tax. Current federal regulations reduce the federal matching funds in the Title XIX (Medicaid/TennCare) program by the amount of provider specific taxes collected even if such taxes go into the general fund.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

James A. Davenport, Executive Director